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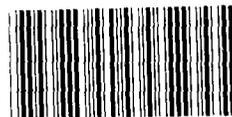
GAO

Briefing Report to the Chairman,
Subcommittee on Environmental
Protection, Committee on Environment
and Public Works, U.S. Senate

February 1988

RESOURCE PROTECTION

Using Semipostal Stamps to Fund the Nongame Act



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Resources, Community, and
Economic Development Division

B-229453

February 1, 1988

The Honorable George J. Mitchell
Chairman, Subcommittee on
Environmental Protection
Committee on Environment and Public
Works
United States Senate

Dear Mr. Chairman:

The Fish and Wildlife Conservation Act of 1980 (49 U.S.C. 2901 et seq.), sometimes referred to as the Nongame Act, authorizes a federal program to enhance and conserve fish and wildlife species not taken for sport, fur, or food (nongame species). Although the program is authorized, the Congress never appropriated any funds. In your July 23, 1987, letter you asked us to analyze two potential funding sources. As agreed with your office, we addressed the first potential funding source--federal gasoline taxes collected on fuel used in residential equipment such as lawnmowers, chain saws, and garden tractors--in another briefing report (See GAO/RCED-88-87BR, Resource Protection: Using Gasoline Taxes to Fund the Nongame Act.)

This briefing report presents our analysis of the second potential funding source--income derived from sales of semipostal stamps by the U.S. Postal Service. Semipostal stamps are special stamps bearing a surcharge over the normal postage rate, often 50 percent. Other countries have issued these stamps, but they have not been used in the United States. The extra revenue would be earmarked for a specific charity or public program, in this case nongame wildlife conservation. The Fish and Wildlife Service previously assessed this funding source in a congressionally mandated study of alternative nongame funding options.

While sales revenues from semipostal stamps can only be crudely estimated because of limited data, we estimate that revenues in the range of \$12 million per year might be raised from nongame semipostal stamp sales. This estimate is at the low end of the Fish and Wildlife Service's 1984 assessment, which projected revenues of \$11 million to \$203 million. The Fish and Wildlife Service used semipostal stamp sales experience in West Germany and Switzerland (1 to 9 stamps sold per-capita) to project that the United States

could potentially sell between 226 million and 2.03 billion semipostal stamps. We based our estimate largely on a review of surcharge sales data provided by a broader cross section of foreign countries with semipostal sales experience. Such data suggest that annual spending for semipostal stamps in the United States would be much lower because West Germany and Switzerland had by far the highest revenues from their sales programs of all the countries we examined. We believe the program in the United States would likely generate surcharge revenues not exceeding 5 cents per person, or about \$12.1 million in total.

Postal Service officials generally support this rough projection. They point out that philatelists (stamp collectors) are the major buyers of foreign semipostal stamps and that potential semipostal stamp sales in the United States would likewise be largely determined by the philatelic market. On the basis of experience with this market, Postal Service officials believe that sales would probably be less than 110 million stamps a year. If 22-cent stamps were sold with a surcharge of 10 cents a stamp (almost 50 percent), such sales would raise about \$11 million for the program.

Postal Service officials oppose the sale of semipostal stamps because they believe such sales will have a negative effect on their lucrative stamp-collecting market, which generates between \$122 million to \$187 million annually. Aside from potential losses in philatelic revenue, Postal Service officials are concerned about the various administrative expenses of accounting for semipostal stamps at over 40,000 post offices nationwide.

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To perform this analysis, we reviewed information and discussed matters about semipostal stamps with officials from the Postal Service's philatelic sales division in Washington, D.C., and the Fish and Wildlife Service's National Ecology Center in Ft. Collins, Colorado (formerly the Western Energy and Land Use Team), and its Federal Aid Division in Arlington, Va. Because there is no prior experience with selling semipostal stamps in the United States, we relied on semipostal program data from other countries and the views of U.S. officials concerned with philatelic matters here. We reviewed responses to an October 1987 Postal Service survey on semipostal stamp programs from 10 countries and obtained similar information

from Great Britain. We also interviewed experts from the American Philatelic Society and the Smithsonian Institution's National Philatelic Collection for their views on introducing semipostal stamps for nongame conservation.

We included these officials' comments in this briefing report where appropriate. However, as requested by your office, we did not obtain official agency comments on a draft of the report.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies to the Secretary of the Interior and the Postmaster General. Copies will be available to others on request. Major contributors to this briefing report are listed in appendix I. Should you need further information, please contact me on (202) 275-7756.

Sincerely yours,


James Duffus III
Associate Director

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ABBREVIATIONS

FWS	Fish and Wildlife Service
GAO	General Accounting Office
USPS	United States Postal Service

SECTION 1
BACKGROUND ON THE
NONGAME ACT'S FUNDING OPTIONS

The Fish and Wildlife Conservation Act of 1980, known as the Nongame Act, authorizes the federal government to provide financial and technical assistance to the states for enhancing and protecting nongame fish and wildlife species. In its deliberations, the Congress found that existing fish and wildlife conservation programs have historically focused on the more recreationally and commercially important species. As a result, these programs are substantially financed by hunting and fishing license revenues or excise taxes on certain hunting and fishing equipment.¹

The Congress further found that these funding mechanisms were neither adequate nor appropriate to meet the conservation needs of fish and wildlife species that were not hunted, fished, or trapped--the so-called nongame species. According to the Fish and Wildlife Service (FWS) in the Department of the Interior, nongame species comprise 90 percent of the country's vertebrate animals. These species benefit many people--in 1980 about 93 million Americans enjoyed such wildlife through "nonconsumptive activities" such as observation, photography, or feeding. By comparison, estimates are that only 53.8 million people fished or hunted in 1980.

Through the Nongame Act, the Congress authorized the federal government to provide financial and technical assistance to the states to develop and implement programs for nongame fish and wildlife species. However, major questions arose during public hearings about how the federal government would fund such programs. While authorizing the program, the Congress did not appropriate funds, then or since, or establish an alternative funding mechanism. Instead, in section 12 of the act, the Congress directed FWS to study and report to the Congress on the most equitable and effective mechanisms for funding state programs. The

¹The Pittman-Robertson Act of 1937, as amended, established a program for federal grants to states for restoring wild birds and mammals. The program is financed by an 11-percent excise tax on manufacturers and importers of sporting arms and ammunition and a 10-percent excise tax on bows, arrows, and handguns. The Dingell-Johnson Federal Aid in Sport Fish Restoration Act of 1951, as amended, similarly addresses the needs of sport fisheries. It is financed by a 10-percent excise tax on manufacturers of fishing rods, reels, and other fishing tackle goods. Other money comes from duties on imported fishing tackle, yachts, and pleasure craft and part of the motorboat fuel tax.

study was to include funding by means of excise taxes on appropriate items.

FWS STUDY OF FUNDING MECHANISMS

FWS' final report² examined 18 potential funding sources. The study emphasized excise taxes on wildlife- and recreation-related consumer goods because one of the important criteria for any potential funding option was that there be a relationship between the source of the money and benefits received from improving wildlife habitats and populations.³ The potential revenue estimate (in 1980 dollars) for these 18 sources ranged from \$500,000 to \$203 million.

The FWS study team solicited views on the funding options from the parties who would be potentially affected by them. Manufacturers, retailers, consumers, conservation and recreation organizations, and other parties had mixed reactions to the funding options. While most commenters supported the concept of a nongame program, those groups that would most directly be affected by a particular proposed tax or fee were generally opposed to it on economic and fairness grounds. Only 4 out of 18 funding sources received more favorable than negative responses: general fund appropriations, an excise tax on wildlife identification books, a volunteer tax checkoff, and semipostal stamps. In transmitting FWS' report to the Congress, the FWS Director did not endorse any of the funding mechanisms involving new taxes or general fund appropriations, in deference to budget considerations. However, the director did state that semipostal stamps might be a method used to raise funds for nongame conservation because their purchase would be a voluntary contribution.

Although there was broad support among the commenters for federal and state nongame wildlife conservation programs, the ensuing controversy over FWS' analysis of various funding options has contributed to a continuing impasse over funding since then. The Subcommittee on Fisheries and Wildlife Conservation and the Environment, House Committee on Merchant Marine and Fisheries, held hearings in April 1985 to address funding mechanisms for

²Potential Funding Sources to Implement the Fish and Wildlife Conservation Act of 1980, Fish and Wildlife Service, U.S. Department of the Interior, for the Senate Committee on Environment and Public Works and the House Committee on Merchant Marine and Fisheries, Dec. 1984.

³Examples included taxes on wild bird products, camping and hiking equipment, off-road vehicles, and photography products.

implementing the Nongame Act. The subcommittee particularly addressed using semipostal stamps. At the hearings, the U.S. Postal Service (USPS) cited several reasons for opposing them. (For more information on USPS' views on semipostal stamps, see pp. 9-11.) No congressional action has been taken since the hearing.

SECTION 2
FWS STUDY OF NONGAME
SEMIPOSTAL STAMP REVENUES
AND VIEWS OF USPS AND PHILATELIC OFFICIALS

The Chairman, Subcommittee on Environmental Protection, Senate Committee on Environment and Public Works, asked us to review FWS' 1984 assessment of the potential for funding fish and wildlife conservation through sales of semipostal stamps.¹ In that report, FWS estimated that about 226 million to 2.03 billion nongame semipostal stamps could be sold in the United States, raising between \$11.3 million and \$203 million (assuming a 5- to 10-cent surcharge). This estimate was based on an assumption that U.S. sales would be at the same per-capita levels as semipostal stamp programs in the Federal Republic of Germany (Germany) and Switzerland--one to nine stamps sold per citizen. USPS opposes the semipostal alternative for several reasons and believes that FWS' estimates of potential sales are unrealistically high. Furthermore, other philatelic experts we interviewed indicate opposition to introducing semipostal stamps in the U.S. stamp collecting market.

HOW FWS MADE ITS PROJECTION

In preparing its estimate, the FWS study team obtained limited data on semipostal stamp sales from Belgium, France, Germany, Great Britain, Switzerland, and Canada. These countries have sold semipostal stamps to support independent welfare groups; youth programs; Olympic sports; the Red Cross; charities for children, families, and the handicapped; and historic preservation. FWS obtained 4-year sales data from Germany and Switzerland and found that on average, yearly per-capita sales were one semipostal stamp in Germany and nine semipostal stamps in Switzerland.

In using these data to project potential nongame semipostal stamp sales in the United States, the FWS study made a critical assumption that yearly per-capita sales here would be in the same range as Germany's and Switzerland's--one to nine stamps. FWS did not survey USPS, postal customers, or stamp-collecting groups to determine if its assumption was realistic.

We discussed the semipostal analysis with FWS officials who worked on the study. A resource economist with FWS' National Ecology Center in Ft. Collins, Colorado, told us that the study

¹Potential Funding Sources to Implement the Fish and Wildlife Conservation Act of 1980, U.S. Fish and Wildlife Service for the Senate Committee on Environment and Public Works and the House Committee on Merchant Marine and Fisheries, Dec. 1984.

team was hampered in getting information about other countries' experiences with semipostal stamps. The team wrote out questions that were forwarded to the countries via State Department embassies. He said that the responses that came back were very cryptic and did not tell the team much.

Regarding FWS' assumption that U.S. semipostal sales would be the same as Germany's or Switzerland's, he indicated that the team had little information on the German and Swiss programs and hence did not know whether their experiences could reasonably be applied to the United States. He further said the team did not consult with USPS to test their assumption. Both the resource economist and the study's Chairman of the Funding Recommendations Oversight Group acknowledged that the team's projections were based on incomplete data and that not enough was known at the time to properly project potential U.S. sales.

USPS' VIEWS AND CRITIQUE OF FWS' STUDY

USPS wrote to the FWS Director in January 1985 commenting on the study's analysis of semipostal stamps. In its letter, USPS stated that it opposed using semipostal stamps to fund fish and wildlife programs for several reasons. Most importantly, USPS officials believed semipostal sales would have a negative effect on USPS' lucrative philatelic sales of commemorative stamps.² According to USPS' Director of the Office of Stamps and Philatelic Marketing, with whom we spoke in September 1987, USPS still opposes the use of semipostal stamps to raise funds for any purpose, no matter how worthy.

According to USPS data, 22 million people collect U.S. commemorative stamps as a hobby. Philatelic purchases of U.S. commemorative stamps totaled \$187 million in fiscal year 1984 and \$122 million in fiscal year 1985 (\$158 million projected in fiscal year 1986). USPS' costs for producing 16 issues (consisting of 22 stamps) of commemorative stamps in fiscal year 1985 were \$7.6 million. USPS notes that once these stamps are sold to collectors, they are permanently retained in collections and not used as payment for mail delivery. Thus, beyond the cost of producing the stamps, philatelic sales represent almost total profit to USPS.

USPS argues that the added surcharge on semipostal stamps will drive up the costs of collecting stamps for those philatelists who

²Each year USPS issues specially designed postage stamps to honor important and inspiring aspects of American heritage. Featured subjects include people and events in history, science, sports, and literature. Nature subjects such as wildlife and flowers are also sold.

buy entire series of specially designed stamps issued in a year. The Director told us that U.S. collectors do not want to be taxed by a semipostal stamp program--serious collectors buy every type of stamp issued by USPS in order to create a complete set. In fiscal year 1985, USPS produced 33 billion stamps--2.4 billion (7 percent) were the specially designed commemorative stamps. According to the Director, the general public and businesses mostly buy the generic "U.S. flag" stamps, rather than commemorative stamps. Philatelists are the major buyers of commemorative stamps.

According to the Director, if semipostal stamps were sold, a collector's costs would go up. He said many collectors dislike semipostal stamps on the grounds that they are an involuntary tax on their hobby. In his opinion, this attitude could lead to lower overall philatelic purchases and direct losses if USPS were forced to sell semipostal stamps. The Director's views are supported by information from other countries which sell or have sold semipostal stamps. (See section 3.) Several countries report that their semipostal stamps are not well-received by philatelists and as a result, three of them restrict the program in order not to lower philatelic sales.

The Director noted that in recent years, stamp collecting and USPS philatelic revenue have declined. The trend is due to higher postage costs and the growth in the number of commemoratives issued by USPS. As a result, USPS carefully weighs its decisions on how many commemoratives to issue each year in order not to discourage philatelic sales. Offering semipostal stamps would only complicate an already sensitive market.

Although the Director noted that USPS' wildlife-oriented commemorative stamps are among the most popular with collectors, he doubts that they would be willing to buy many wildlife semipostal designs. He also doubts that the general public would buy them in large numbers, given their general noninterest in commemorative stamps and the basic public clamor over higher postage rates. USPS also argues that once semipostals are introduced in the United States to benefit wildlife conservation, pressures will inevitably follow to sell them for other worthy causes, which will further threaten their philatelic program.

USPS also objects to the administrative burden of selling semipostal stamps, especially accounting for the surcharge in order to calculate the funds raised for wildlife conservation. USPS' existing accounting system does not accumulate sales data for each individual stamp series. Instead, all stamp sales of each face value are accounted for in aggregate. A USPS official in the Office of Stamps and Philatelic Marketing told us that the agency has over 40,000 post offices. USPS is very concerned with the administrative effects of requiring postal clerks to sell semipostal stamps and account for the revenue separately.

Finally, USPS questions FWS' projected semipostal stamp sales of 226 million to 2.03 billion per year. USPS has found no evidence from other countries that would indicate the same level of acceptance here. The Director notes that commemorative stamps sell at much lower levels. On average, USPS produces 110 million stamps per commemorative issue and targets them to sell out in 60 days or less. He said that the largest single commemorative issue has been 160 million stamps. As a result, USPS concludes that sales of a stamp with a surcharge would probably be even less.

The USPS Director also notes that Canada and Great Britain had poor results with their attempts to sell semipostal stamps. Poor sales were due to customer resistance to paying more for postage and postal clerks' practice of keeping them in the drawer rather than offering them unsolicited to customers for sale. The Director thinks their experiences would be good indicators of potential sales performance of semipostal stamps in the United States. A Canadian postal official said that Canada's 1974-76 program was a failure because of customer resistance to the surcharge as a tax. The official also confirmed that postal clerks hid the semipostal stamps in their drawers out of fear of customer reaction and to avoid the added accounting requirements to record surcharge receipts. This failure occurred in spite of active advertising and general public support for Olympic athletes, the Canadian program's designated beneficiary.

PHILATELIC VIEWS

We discussed the potential of USPS' selling semipostal stamps to raise funds for nongame wildlife conservation with two officials who are experts on U.S. philatelic matters. The Smithsonian Institution's curator of the National Philatelic Collection said that whenever there are proposals to sell semipostal stamps in this country to raise money for charities, most parties interested in stamp collecting always oppose the idea. He opposes their use since the precedent would cause many charity groups to pressure USPS to issue one for their cause. He agreed with USPS' long-standing opposition to semipostal stamps, saying that putting USPS in the fund-raising business would detract from its main business, which is to carry the mail.

An official from the American Philatelic Society agreed that most American philatelists oppose their sale. Their opposition is due to the extra cost from the surcharge, which in his opinion, would be minimal. He thinks that semipostal stamp sales to American philatelists might start slowly, but after a few years of steady promotion and introduction of new stamp designs, sales could conceivably grow.

SECTION 3
INTERNATIONAL EXPERIENCE
WITH SEMIPOSTAL STAMPS

In October 1987, USPS' Office of Stamps and Philatelic Marketing surveyed the postal agencies of several nations about their current or past semipostal stamp programs. We reviewed the responses to this survey from Canada, Austria, New Zealand, Switzerland, France, South Korea, the Netherlands, Denmark, Germany, and Belgium. We also obtained information directly from Great Britain.

We found that most countries' semipostal stamp programs are small-scale and achieve relatively low per-capita surcharge revenue. Canada and Great Britain stopped issuing semipostal stamps after one-time efforts proved disappointing. Austria, New Zealand, South Korea, the Netherlands, and Denmark have small and/or strictly limited semipostal programs that have generated average annual surcharge revenues of only 5 cents per person.¹ Only in Switzerland and Germany have semipostal stamp programs generated significant surcharge revenues. The better success of the Swiss and German programs may be due to aggressive sales promotion efforts.

Generally, U.S. philatelists are the major buyers of semipostal stamps issued by these countries. However, the countries report that their philatelists are generally opposed to semipostal stamps sales largely because of their higher cost. As a result, most countries strictly limit the number and cost of semipostal stamps issued to accommodate philatelists' views.

NATURE OF THE SEMIPOSTAL
STAMP PROGRAMS IN OTHER COUNTRIES

As table 3.1 shows, most of the 11 countries we examined have had many years of experience in selling semipostal stamps for a wide range of purposes. None have sold semipostal stamps to raise funds for wildlife conservation, however. Canada and Great Britain no longer sell semipostal stamps, and South Korea is only temporarily selling them to support the 1988 Olympic Games in Seoul.

Two countries, Switzerland and Germany, heavily promote semipostal stamp sales and closely involve beneficiary organizations in marketing efforts. For example, Swiss school

¹Excluding Switzerland and Germany because their revenues are much greater, the average per-capita surcharge revenues for these five countries was determined by taking the mean. (See table 3.2.)

children sell youth semipostal stamps door-to-door, and sports clubs and associations sell sports semipostals. Charity groups in Germany display posters in post offices and run newspaper and television ads encouraging the public to buy the stamps.

Table 3.1: Semipostal Stamp Programs in 11 Countries

<u>Country</u>	<u>Year when country started selling semipostal stamps</u>	<u>Program status</u>	<u>Beneficiaries of surcharge revenue</u>
Current:			
Belgium	1910	More than one issue per year.	Philanthropic, cultural, or patriotic charities.
Switzerland	1913	Two annual issues, occasional third issue.	Annual issues support child welfare and Swiss tourism; occasional issue supports sports.
Netherlands	1924	Several issues at different intervals.	Child welfare, social and cultural programs, Red Cross, philatelic activities.
New Zealand	1929	One annual issue.	Youth camp group.
Denmark	1939	One annual issue.	Disease combating and aid to disabled people and refugees.
Austria	Pre-WWII	One annual issue, but has largely stopped issuing them for welfare programs.	Annual issue supports philatelic activities; occasional issue supports sports. Much reduced charity program due to philatelic opposition.
West Germany	1949	Several issues per year.	Public charities, German Red Cross, Jewish welfare, youth programs, German athletes.
South Korea	1953	Stopped issues in 1977. Temporary issue began 1985.	Various health, disaster relief, child, and military welfare efforts, 1953-77. Currently supports 1988 Seoul Olympic Games.
France	Undetermined	Eight stamps per year.	French Red Cross.
Terminated:			
Canada	1974	Ended sales in 1976.	Canadian Olympic athletes competing in 1976 Montreal games.
Great Britain	1975	Ended in 1975.	Disabled people.

Sales and Revenue
Experience

Semipostal stamp sales and associated revenues range widely in the eight countries for which data were available.² South Korea, Austria, New Zealand, and Denmark reported annual per-capita surcharge revenues of 4 cents or less, while the Netherlands, Germany, and Switzerland reported per-capita surcharge revenues of \$0.15, \$0.49, and \$1.18, respectively. Only Switzerland and Germany generated total surcharge revenues significantly greater than \$2 million. On the basis of the responses to the survey, we believe the relatively better sales performance in these two countries may be attributable to their more aggressive sales promotion efforts. Table 3.2 provides surcharge revenue data for each of the eight reporting countries.

²No sales or revenue data were available from France, Belgium, or Canada. Canadian postal officials report that the sales of their Olympic athlete semipostal stamps in 1974-75 were very low.

Table 3.2: Annual Surcharge Revenue Data on Semipostal Stamps Sold in Eight Countries

<u>Country</u>	<u>Total surcharge^a</u>	<u>Per capita^b</u>
	----- (dollars) -----	
Switzerland	\$6,545,700- 8,727,600	\$1.18 (average) ^c
Germany	29,915,000	0.49
Netherlands	2,126,800	0.15
South Korea	1,600,000	0.04
Austria	211,500	0.03
New Zealand	50,000- 75,000	0.02 (average) ^c
Denmark	46,200- 77,000	0.01 (average) ^c
Great Britain	(a)	(a)

^aThese figures are taken from the countries' responses to USPS' survey question on the amount of money raised by semipostal stamp sales. We did not use present value analysis because the data spanned only 1983 to 1986 except for Great Britain's. Great Britain's revenue was from its one-time semipostal stamp program in 1975 and showed less than \$0.005 in per-capita surcharge revenue. Each country's currency is converted to dollars on the basis of the Wall Street Journal's published foreign exchange.

^bPer-capita surcharge spending is based on 1985 estimates of population in The New York Times' World Almanac and Book of Facts, 1987.

^cWe computed the per-capita average value by taking the unweighted mean of revenues reported.

Role of Philatelists in Semipostal Stamp Marketing

On the basis of the responses to USPS' international survey of semipostal stamp programs, philatelists represent the single most important target group for semipostal stamp sales. Philatelists buy most of the semipostal stamps in New Zealand, the Netherlands, and Denmark; up to 50 percent of the semipostal stamps in Switzerland; and most youth and sports-related semipostal stamps in Germany (although the general public buys most of the larger-selling welfare semipostal stamps in Germany).

Although philatelists appear to be a major market for semipostal stamps, most countries report opposition from these customers to semipostal stamp issuances. Philatelists in these countries base their criticism of semipostal stamps on two factors. First, they believe the surcharges are an unfair tax imposed on their hobby. Second, many object to supporting causes against their will when they collect a complete set of stamps issued by the country.

In part because of their concerns about philatelist opposition, none of the countries surveyed by USPS report a willingness to expand (or revive) their semipostal stamp programs. Three countries, including Germany, report that they strictly limit the number and cost of semipostal stamps issued to accommodate philatelists' views. The postal agencies are concerned that expanded use of semipostal stamps would cause philatelists to reduce their purchases and thus threaten the lucrative philatelic market.

ADMINISTRATIVE CONSIDERATIONS

On the basis of the survey responses, it appears that international postal agencies make little attempt to recover the added design, production, promotion, or retail costs associated with selling semipostal stamps. Of the eight countries reporting information, four do not deduct the added administrative costs of selling semipostal stamps from the surcharge revenues generated for the various beneficiaries. The remaining four countries deduct only small amounts to cover direct production or administrative costs.

SECTION 4
GAO REVENUE ESTIMATE

A precise estimate of annual revenue from a potential U.S. nongame wildlife semipostal stamp is not possible since this country has had no prior sales experience with semipostal stamps. However, the experience of most other countries selling semipostal stamps along with USPS' experience with commemorative stamp issues suggest that annual semipostal sales would generate surcharge revenues for the nongame program in the range of \$12 million.

Most countries that have conducted semipostal stamp programs have not been successful in generating significant surcharge revenues. Two countries gave up on their programs because of low sales. In particular, neighboring Canada actively promoted its semipostal stamps to raise money for Olympic athletes. Despite these efforts and strong support for the athletes, the public refused to pay the extra cost to buy their semipostal stamps. Five other countries with continuing programs report annual surcharge revenue, on average, of only about 5 cents per person.¹ If this sales performance was applied to the estimated 1987 U.S. population of 242.2 million, annual stamp sales would generate about \$12.1 million in surcharge revenues.

Only Switzerland and Germany have conducted highly successful programs. Although FWS studied these programs to prepare its revenue estimates, we found no evidence to suggest that this experience would be repeated in the United States. To the contrary, the Swiss and German success may be attributable to aggressive sales promotion activities, which have not been successfully duplicated elsewhere.²

Moreover, on the basis of other countries' sales experiences and the opinions expressed by other officials from USPS and other

¹We excluded Switzerland and Germany because their sales of aggressively marketed semipostal stamps produced large--and likely atypical--sales revenues. The annual per-capita revenue was calculated by taking the unweighted mean of the other five countries shown on table 3.2. (See p. 16.)

²If Germany's and Switzerland's per-capita surcharge revenues were added to the five countries above, the unweighted mean would be 27 cents per person. If this sales performance was applied to the United States, annual semipostal stamp sales would generate \$65.4 million. However, for the reasons discussed in this report, we do not think this is likely.

U.S. stamp collection groups, most semipostal stamp sales in this country would likely be made to stamp collectors. Consequently, sales of commemorative issues (also purchased largely by collectors) would likely be a good predictor of potential future semipostal stamp sales. To this end, USPS reports that the average number of commemorative stamps sold by series is 110 million. These sales are achieved for a product that does not have a surcharge. With a surcharge, sales of a more expensive product could be lower. Assuming a 22-cent stamp with a 10 cents-per-stamp surcharge (almost 50 percent), commemorative stamp sales experience suggests that semipostal stamp sales could possibly generate annual surcharge revenues of about \$11 million or less for the nongame fund. The USPS Director of the Office of Stamps and Philatelic Marketing generally agreed with the basis for our estimates.

In this connection, however, USPS and philatelic officials indicate that U.S. stamp collectors probably will oppose semipostal stamp issuances. USPS officials told us that while 22 million people collect stamps, 5.9 million "committed" collectors produce 90 percent of USPS' annual philatelic revenues. If only these committed collectors purchased semipostal stamps, total semipostal stamp sales and associated revenues could be lower.

With available information, sales revenues from any future U.S. semipostal stamp revenues can only be crudely estimated. On the basis of the experience in other countries and commemorative stamp sales in this country, we estimate that semipostal stamp sales would not generate revenues for the nongame fund much above \$12 million a year.

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